



## **EDGIN, PARKMAN, FLEMING & FLEMING, PC**

CERTIFIED PUBLIC ACCOUNTANTS

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DAVID L. PARKMAN, CPA  
A. PAUL FLEMING, CPA

April 15, 2021

Honorable County Judge and  
Members of the Commissioners' Court  
Montague County, Texas

In planning and performing our audit of the financial statements of Montague County, Texas (County) for the year ended September 30, 2020, we considered the County's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated April 15, 2021 on the financial statements of the County.

### **Prior Year Comments**

In the prior year, we noted several matters that were listed in the management letter. During the current year audit, we reviewed the status of those comments and recommendations. A brief summary of each is listed below.

### **Outstanding Checks**

Comment: During the review of the various bank reconciliations, we noted two bank accounts have outstanding checks in excess of one year old. At September 30, 2019, the Treasurer's operating account had 251 checks in excess of one year old totaling \$37,806 and the CSCD account had 47 checks totaling \$3,516. The CSCD has started escheating to the state, but has been instructed to do it annually after the checks become five years old. We recommended that old outstanding checks be investigated to determine if they should be reissued. If not, then the proper procedures should be followed to clear them, which could result in escheating the monies to the state.

Status: At September 30, 2020, the Treasurer's operating account had 39 checks in excess of one year old totaling \$16,711 and the CSCD account had 41 checks totaling \$2,716. During 2019-20, the County Treasurer wrote off \$37,422 of older outstanding checks. We continue to recommend that the older checks for the Treasurer's account be reviewed, reissued and/or be escheated to the state and that all bank reconciliations be reviewed to identify aging outstanding checks before they become very old.

### **State Fee Fund**

Comment: At September 30, 2019, there was a net balance in the State Fee Fund (Fund 92) of \$79,658 (cash is greater than the stated liability). This is because the County Treasurer did not disburse the County's funds from this account for all of 2016-17, 2017-18, and 2018-19. We recommended that the County Treasurer disburse the County's funds from this account in 2019-20 and do so each quarter in the future.

Management Letter

Honorable County Judge and  
Members of the Commissioners' Court  
Montague County, Texas  
April 15, 2021

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Status: During 2019-20, the County Treasurer remitted the older balances to the County and also began remitting them each quarter. We consider this matter closed.

**Recording of Interest Income**

Comment: At September 30, 2019, the TexPool and certificate of deposit accounts required audit adjustments to get the accounting records to agree to the respective bank statements at year-end.

Status: During 2019-20, the County Treasurer began recording interest income in the TexPool accounts. However, at September 30, 2020, the certificate of deposit account required an audit adjustment to get the accounting records to agree to the respective bank statement at year-end. We continue to recommend that the County record interest in the month that it is credited to the County's account by the financial institution.

**Current Year Comments**

There are no current year comments.

**Closing Comments**

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various County personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank management and all of those with whom we worked for their support and assistance during our audit.

This communication is intended solely for the use of the County Judge and County Commissioners and other members of management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC  
Certified Public Accountants

Management Letter



# EDGIN, PARKMAN, FLEMING & FLEMING, PC

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April 15, 2021

Honorable County Judge and  
Members of the Commissioners' Court  
Montague County, Texas

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Montague County, Texas (County) for the year ended September 30, 2020. Professional standards require that we provide you with our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 26, 2020. Professional standards also require that we communicate to you the following related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the County's financial statements is management's estimate of useful lives of capital assets for depreciation purposes that is based on known facts and circumstances as well as historical information. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note A – Summary of Significant Accounting Policies,
- Note E – Capital Assets,
- Note G – Long-Term Debt, and
- Note K – COVID-19 Pandemic

The financial statement disclosures are neutral, consistent, and clear.

AU-C 260 Letter

Honorable County Judge and  
Members of the Commissioners' Court  
Montague County, Texas  
April 15, 2021

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*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has chosen to correct all such misstatements. The attached Schedule of Corrected Material Misstatements summarizes the material misstatements detected as a result of audit procedures and corrected by management. The misstatements were material, either individually or in the aggregate, to financial statements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 15, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Honorable County Judge and  
Members of the Commissioners' Court  
Montague County, Texas  
April 15, 2021

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Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Concluding Comments

This information is intended solely for the use of the County Judge and County Commissioners and other members of management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC  
Certified Public Accountants

**Montague County, Texas**  
**Schedule of Corrected Material Misstatements**  
**September 30, 2020**

AJE	Description	Effect of Audit Entries - Increase (Decrease)					
		Assets	Liabilities	Beginning Equity	Revenues	Expenditures	Other
1	To record the effects of the prior year adjustments not made by the County	328,284	34,265	294,019	-	-	-
5	To reverse the prior year FEMA costs moved from 2X funds to 9X funds	(279,350)	-	-	-	279,350	-
10	To move FEMA costs that are still in the 2X Funds at 9/30/20	914,385	-	-	-	(914,385)	-
14	To correct cash for the bank reconciliation errors at 9/30/20	(387,536)	-	-	(253,711)	133,825	-
<b>Total General Funds</b>		<b>575,783</b>	<b>34,265</b>	<b>294,019</b>	<b>(253,711)</b>	<b>(501,210)</b>	<b>-</b>
1	To record the effects of the prior year adjustments not made by the County	(93,046)	-	(93,046)	-	-	-
5	To reverse the prior year FEMA costs moved from 2X funds to 9X funds	93,046	-	-	-	(93,046)	-
10	To move FEMA costs that are still in the 2X Funds at 9/30/20	(473,898)	-	-	-	(473,898)	-
<b>Total FEMA #1 Fund</b>		<b>(473,898)</b>	<b>-</b>	<b>(93,046)</b>	<b>-</b>	<b>(566,944)</b>	<b>-</b>
1	To record the effects of the prior year adjustments not made by the County	(55,864)	-	(55,864)	-	-	-
5	To reverse the prior year FEMA costs moved from 2X funds to 9X funds	55,864	-	-	-	(55,864)	-
10	To move FEMA costs that are still in the 2X Funds at 9/30/20	(98,223)	-	-	-	(98,223)	-
<b>Total FEMA #2 Fund</b>		<b>(98,223)</b>	<b>-</b>	<b>(55,864)</b>	<b>-</b>	<b>(154,087)</b>	<b>-</b>
10	To move FEMA costs that are still in the 2X Funds at 9/30/20	(342,264)	-	-	-	(342,264)	-
<b>Total FEMA #3 Fund</b>		<b>(342,264)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(342,264)</b>	<b>-</b>
1	To record the effects of the prior year adjustments not made by the County	(130,440)	-	(130,440)	-	-	-
5	To reverse the prior year FEMA costs moved from 2X funds to 9X funds	130,440	-	-	-	(130,440)	-
<b>Total FEMA #4 Fund</b>		<b>-</b>	<b>-</b>	<b>(130,440)</b>	<b>-</b>	<b>(130,440)</b>	<b>-</b>
1	To record the effects of the prior year adjustments not made by the County	107,832	5,495	50,219	-	(52,117)	-
8	To correct TexPool transfer	-	-	(57,718)	57,719	-	-
14	To correct cash for the bank reconciliation errors at 9/30/20	11,625	-	-	30,000	18,375	-
<b>Total Other Remaining Funds</b>		<b>119,457</b>	<b>5,495</b>	<b>(7,500)</b>	<b>87,719</b>	<b>(33,742)</b>	<b>-</b>
<b>Government Wide</b>		<b>73,628</b>	<b>39,760</b>	<b>7,189</b>	<b>(165,982)</b>	<b>(877,216)</b>	<b>-</b>

**MONTAGUE COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**MONTAGUE COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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**FINANCIAL SECTION**



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MICHAEL D. EDGIN, CPA  
DAVID L. PARKMAN, CPA  
A. PAUL FLEMING, CPA

## Independent Auditor's Report

Honorable County Judge and  
Members of the Commissioners' Court  
Montague County, Texas

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Montague County, Texas, as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montague County, Texas as of September 30, 2020, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

## Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## Other Matters

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montague County's basic financial statements. The management's discussion and analysis, budgetary comparison information, Texas County and District Retirement System schedules, and the combining statements and budget comparisons on pages 3-11, 38, 39-40, and 42-70 respectively, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and budget comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and budget comparisons are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis, budgetary comparison information, Texas County and District Retirement System schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated April 15, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas  
April 15, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Montague County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the County's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at September 30, 2020 by \$26,016,393 (net position). Of this amount, \$12,085,401 (unrestricted net position) may be used to meet the County's obligations.
- During the year, the County's total net position decreased by \$214,744. The County's expenses, which totaled \$15,613,847, were more than the County's program revenues of \$4,475,916 and general revenues of \$10,923,187.
- The total cost of the County's programs increased \$189,967 or 1% from the prior year.
- The governmental funds reported a fund balance at September 30, 2020 of \$14,851,275, which is a decrease of \$483,190 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7,684,921, or 64% of the total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### Government-Wide Financial Statements

All of the County's services are reported in the government-wide financial statements, including administration, judicial, public transportation, and public safety. Property taxes, highway taxes, fees and commissions and intergovernmental grants finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers a broad overview of the County's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the County's assets and liabilities on the modified cash basis, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The *statement of activities* details how the County's net position changed during the most recent fiscal year. On the modified cash basis, all changes in net position are reported on the cash basis except for capital assets and long-term liabilities.

### **Fund Financial Statements**

The County uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the County to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financing requirements.

Because the focus on *governmental funds* is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintained multiple governmental funds during the year. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund and the four FEMA Funds, which are considered to be the County's major funds. Financial data for the other governmental funds are combined into a single, aggregated presentation.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information* that further explains and supports the information in the financial statements.

## Basis of Accounting

The County has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than GAAP. The basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the County's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on the capital assets in the government-wide financial statements for all activities and recording non-cash capital assets and debt issuances.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

## Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 are the County's net position summarized for the *governmental activities*.

**Table 1 - County's Net Position**

	Governmental Activities			
	2020	2019	Change	% Change
Current and other assets	\$ 14,851,275	\$ 15,374,225	\$ (522,950)	-3%
Capital assets, net	12,928,676	12,431,063	497,613	4%
<b>Total Assets</b>	<b>27,779,951</b>	<b>27,805,288</b>	<b>(25,337)</b>	<b>0%</b>
Current liabilities	-	39,760	(39,760)	-100%
Noncurrent liabilities	1,763,558	1,534,391	229,167	15%
<b>Total Liabilities</b>	<b>1,763,558</b>	<b>1,574,151</b>	<b>189,407</b>	<b>12%</b>
Net position:				
Net investment in capital assets	11,165,118	10,896,672	268,446	2%
Restricted	2,765,874	3,948,263	(1,182,389)	-30%
Unrestricted	12,085,401	11,386,202	699,199	6%
<b>Total Net Position</b>	<b>\$ 26,016,393</b>	<b>\$ 26,231,137</b>	<b>\$ (214,744)</b>	<b>-1%</b>

Net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$11,165,118. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$2,765,874, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$12,085,401 may be used to meet the County's ongoing obligations.

### Changes in Net Position

The County's total revenues, both program and general, were \$15,399,103. A significant portion, 69%, of the County's revenue comes from property taxes. Charges for services accounted for 17% of the County's revenue while operating grants and contributions represented 9% and capital grants and contributions represented 3%. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2020 and 2019 for the County's *governmental activities*.

**Table 2 - County's Revenues**

	Governmental Activities			
	2020	Percent	2019	Percent
Charges for services	\$ 2,615,642	17%	\$ 2,582,002	18%
Operating grants and contributions	1,343,840	9%	968,058	7%
Capital grants and contributions	516,434	3%	435,086	3%
Property taxes	10,670,794	69%	9,961,079	69%
License and permits	9,670	0%	12,057	0%
Investment earnings	128,566	1%	293,433	2%
Miscellaneous	114,157	1%	88,938	1%
<b>Total Revenues</b>	<b>\$ 15,399,103</b>	<b>100%</b>	<b>\$ 14,340,653</b>	<b>100%</b>

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2020 and 2019 for the County's *governmental activities*. The total cost of all programs and services was \$15,613,847.

**Table 3 - County's Expenses**

	Governmental Activities			
	2020	Percent	2019	Percent
General government	\$ 3,429,097	22%	\$ 3,941,806	26%
Justice system	1,956,793	13%	1,950,439	13%
Public safety	1,403,881	9%	1,296,975	8%
Corrections and rehabilitation	2,781,288	18%	2,718,627	18%
Health and human services	349,992	2%	459,504	3%
Community and economic development	1,171	0%	417	0%
Infrastructure and environmental services	5,669,172	36%	5,027,919	33%
Interest and fiscal charges	22,453	0%	28,193	0%
<b>Total Expenses</b>	<b>\$ 15,613,847</b>	<b>100%</b>	<b>\$ 15,423,880</b>	<b>100%</b>

### Governmental Activities

Table 4 presents the various revenue categories and gross costs of each of the County's functional areas for both the current and prior year. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

**Table 4 - Changes in Net Position**

	Governmental Activities			
	2020	2019	Change	% Change
<b>Revenues:</b>				
<b>Program revenues:</b>				
Charges for services	\$ 2,615,642	\$ 2,582,002	\$ 33,640	1%
Operating grants and contributions	1,343,840	968,058	375,782	39%
Capital grants and contributions	516,434	435,086	81,348	19%
<b>General revenues:</b>				
Property taxes	10,670,794	9,961,079	709,715	7%
Licenses and permits	9,670	12,057	(2,387)	-20%
Investment earnings	128,566	293,433	(164,867)	-56%
Miscellaneous	114,157	88,938	25,219	28%
<b>Total revenues</b>	<b>15,399,103</b>	<b>14,340,653</b>	<b>1,058,450</b>	<b>7%</b>
<b>Expenses</b>				
General government	3,429,097	3,941,806	(512,709)	-13%
Justice system	1,956,793	1,950,439	6,354	0%
Public safety	1,403,881	1,296,975	106,906	8%
Corrections and rehabilitation	2,781,288	2,718,627	62,661	2%
Health and human services	349,992	459,504	(109,512)	-24%
Community and economic development	1,171	417	754	181%
Infrastructure and environmental services	5,669,172	5,027,919	641,253	13%
Interest and fiscal charges	22,453	28,193	(5,740)	-20%
<b>Total expenses</b>	<b>15,613,847</b>	<b>15,423,880</b>	<b>189,967</b>	<b>1%</b>
<b>Change in net position</b>	<b>\$ (214,744)</b>	<b>\$ (1,083,227)</b>	<b>\$ 868,483</b>	<b>-80%</b>

Significant fluctuations between years were as follows:

- Operating grants and contributions increased 375,782 or 39% due to an increase in FEMA grants funding because more large projects were funded in the current year.
- Property taxes increased \$709,715 or 7% due to an increase in appraised values while the tax rate remained the same.
- General government expenses decreased \$512,709 or 13% due to a lower additional TCDRS payment in the current year and no tax refunds for gas compressor litigation in the current year which was offset somewhat by increases for personnel raises in the current year and additional funding for utility reimbursements and from the Montague County Child Welfare Board in the current year.
- Infrastructure and environmental services increased \$641,253 or 13% mostly due to additional FEMA road repair projects in the current year.

Table 5 presents the net cost of the County's governmental functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars and other miscellaneous general revenues.



**Table 5 - Net Cost of County Functions**

	Governmental Activities			
	2020	Percent	2019	Percent
General government	\$ 1,594,799	14%	\$ 2,327,171	20%
Justice system	1,425,122	13%	1,320,780	12%
Public safety	1,349,529	12%	1,221,205	11%
Corrections and rehabilitation	1,835,056	16%	1,688,742	15%
Infrastructure and environmental services	4,559,809	41%	4,392,722	38%
Other	373,616	3%	488,114	4%
<b>Total Net Costs</b>	<b>\$ 11,137,931</b>	<b>100%</b>	<b>\$ 11,438,734</b>	<b>100%</b>

**Financial Analysis of the County's Funds**

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

**Governmental Funds**

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of September 30, 2020, the County's governmental funds reported a combined ending fund balance of \$14,851,275, a decrease of \$483,190 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances  
September 30, 2020**

	General Fund	FEMA Funds	Other Funds	Totals
Restricted for:				
Records management/preservation	\$ -	\$ -	\$ 942,954	\$ 942,954
Public safety	-	-	150,544	150,544
Justice system	-	-	762,422	762,422
Corrections and rehabilitation	-	-	541,026	541,026
Debt service	-	-	214,039	214,039
Other	-	-	154,889	154,889
Committed for:				
Indigent health care	828,041	-	-	828,041
Infrastructure and environmental services	3,459,211	-	-	3,459,211
Assigned for deficit budget for 2020-21	722,600	-	-	722,600
Unassigned	7,684,921	(632,788)	23,416	7,075,549
<b>Total Fund Balances</b>	<b>\$ 12,694,773</b>	<b>\$ (632,788)</b>	<b>\$ 2,789,290</b>	<b>\$ 14,851,275</b>

## **General Fund**

At the end of the current fiscal year, the ending fund balance for the General Fund was \$12,694,773, of which \$4,287,252 was committed, \$722,600 was assigned and \$7,684,921 was unassigned. The total unassigned fund balance represents 64% of the total General Fund expenditures for the year ended September 30, 2020. The fund balance increased \$1,292,874 in the current fiscal year.

General Fund revenues totaled \$12,668,508, an increase of \$481,321, or 4%, over the preceding year. The only revenue categories with significant changes between years were property taxes which increased \$700,927 and interest income which decreased \$142,019. The increase to property taxes was due to the increase in appraised values while the tax rate remained the same. The decrease of interest income was due to the significant decline in interest rates during the year.

General Fund expenditures totaled \$11,970,214, a decrease of \$261,520, or 2%, over the preceding year. The most significant change between years were in the following functional areas:

- General government expenditures decreased \$606,773 or 17% mostly due to a lower additional TCDRS payment in the current year and no tax refunds for gas compressor litigation in the current year which was offset somewhat by an increase for personnel raises in the current year.
- Public safety expenditures increased \$195,161 or 15% mostly due to an increase of 2 deputies in the current year as well as a 5% raise and additional compensation to equalize wages to prevent some deputies from making more than their superiors.

## **FEMA Grant Funds**

The County was awarded multiple FEMA grants to help the County repair numerous roads that were damaged due to flooding in prior years with the small projects being funded in advance in 2015-16. In 2018-19, the County only received \$182,272 of grant funds and expended \$1,845,794 of grant funds previously received leaving a restricted fund balance of \$1,146,334 at September 30, 2019. In 2019-20, the County only received \$563,655 of grant funds and expended \$2,342,777 of grant funds previously received leaving a negative unassigned fund balance of \$632,788 at September 30, 2020.

## **Other Governmental Funds**

Other governmental funds consist of the various non-major special revenue funds and debt service funds. The total ending fund balance for the non-major special revenues and debt service funds combined was \$2,789,290, an increase of \$3,058 from the previous year. \$2,765,874 of the fund balance at September 30, 2020 is restricted and the remaining \$23,416 of fund balance is unassigned.

Other Governmental Funds' revenues totaled \$1,650,506, an increase of \$2,587, or less than 1%, over the preceding year. There were no significant changes in any individual revenues.

Other Government Funds' expenditures totaled \$1,770,087, an increase of \$59,469, or 3%, over the preceding year. The most significant change between years was in the following functional area:

- General government expenditures increased \$102,611 or 56%, mostly due to additional funding for utility reimbursements and from the Montague County Child Welfare Board in the current year.

**General Fund Budgetary Highlights**

Over the course of the year, the County revised its budget several times. With these adjustments, revenues were \$281,497 above the final budgeted amount. Most revenues fell within normal variance above and below budgeted levels except for property taxes. Property taxes were above the budgeted amount by \$260,945 mostly due to the County underestimating property tax collections.

Relative to actual expenditures, they were \$2,617,022 below final budget amounts. All functional areas were well below their budget due to conservative budgeting.

As noted above, the original budget was amended throughout the year. However, the budget line items in the original budget were not materially different than in the final adopted budget except for other revenues, general government expenditures, justice system expenditures, infrastructure and environmental services expenditures and proceeds from the issuance of capital leases. Other revenue increased \$138,456 to allow for miscellaneous revenues such as insurance claims not in the original budget. General government expenditures increased \$176,355 to cover additional costs due to the pandemic. Justice system expenditures decreased \$138,558 due to court closures during the pandemic. Infrastructure and environmental services increased \$812,820 for the purchase of infrastructure equipment. Proceeds from the issuance of capital leases increased \$717,218 for the purchase of infrastructure equipment through capital leases.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2020, the County had invested in a broad range of capital assets totaling \$12,928,676, net of accumulated depreciation, including land, buildings, equipment, and infrastructure. See Table 7 below.

**Table 7 - Capital Assets, Net**

	2020	2019	Change	% Change
Land	\$ 420,047	\$ 382,194	\$ 37,853	10%
Buildings and improvements	3,739,341	4,011,609	(272,268)	-7%
Machinery and equipment	3,877,763	3,267,880	609,883	19%
Infrastructure	4,891,525	4,769,380	122,145	3%
<b>Totals</b>	<b>\$12,928,676</b>	<b>\$12,431,063</b>	<b>\$ 497,613</b>	<b>4%</b>

Capital assets, net of accumulated depreciation, increased \$497,613 from the previous year. The increase relates to the current year additions of \$1,869,442 less depreciation expense of \$1,332,879 less dispositions (net) of \$38,950 in 2019-20. Additional information about the County's capital assets is presented in the notes to the financial statements.

**Long-term Obligations**

At September 30, 2020, the County had \$1,763,558 in long-term obligations outstanding as shown in Table 8 below.

**Table 8 - Long-term Debt**

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
General Obligation Bonds	\$ 855,000	\$ 1,125,000	\$ (270,000)	-24%
Capital Leases Payable	908,558	409,391	499,167	122%
<b>Totals</b>	<b>\$ 1,763,558</b>	<b>\$ 1,534,391</b>	<b>\$ 229,167</b>	<b>15%</b>

During the year, the County issued \$717,219 in additional debt, but repaid \$488,052 in existing debt. Additional information about the County's long-term debt is presented in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Appraised value used for the 2020-21 budget preparation was \$1,981,420,575, a decrease of \$7,953,595, or .4%, from the prior year actual appraised value. Additionally, the M&O tax rate for 2020-21 is \$.5473 per \$100 valuation which is 2.6% increase from \$.5334 per \$100 used in 2019-20.

Revenues budgeted in the General Fund's budget for 2020-21 are \$12,604,613, a decrease of \$63,895 or 1% from the final 2019-20 revenues of \$12,668,508.

Expenditures budgeted in the General Funds' budget for 2020-21 are \$14,098,151, an increase of \$2,127,937 or 18% from the 2019-20 expenditures of \$11,970,214. The increase relates several factors. The most significant increases were as follows: Contingencies were increased \$153,235, District Attorney expenditures were increased \$363,568, Juvenile Services were increased \$99,725, and Road & Bridge expenditures were increased by \$933,843. The County does not anticipate any new programs or projects being added in 2020-21 budget.

If these estimates are realized, the County's General Fund's fund balance is expected to decrease by \$1,676,558 by September 30, 2021. However, only \$722,600 was set aside as assigned fund balance at September 30, 2020 since restricted fund balance amounts will be used for the other \$953,958 deficit.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office.

## ***BASIC FINANCIAL STATEMENTS***

**MONTAGUE COUNTY, TEXAS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**SEPTEMBER 30, 2020**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash on hand and in bank	\$ 13,794,723
Investments	1,056,552
Capital assets, net	12,928,676
Total assets	<u>27,779,951</u>
<b>Liabilities</b>	
Noncurrent liabilities:	
Due within one year	538,310
Due in more than one year	1,225,248
Total liabilities	<u>1,763,558</u>
<b>Net Position</b>	
Net investment in capital assets	11,165,118
Restricted for:	
Records management/preservation	942,954
Public safety	150,544
Justice system	762,422
Corrections and rehabilitation	541,026
Debt service	214,039
Other	154,889
Unrestricted	12,085,401
Total net position	<u>\$ 26,016,393</u>

The accompanying notes are an integral part of this statement.

**MONTAGUE COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary Government:</b>					
General government	\$ 3,429,097	\$ 1,641,451	\$ 192,847	\$ -	\$ (1,594,799)
Justice system	1,956,793	464,458	67,213	-	(1,425,122)
Public safety	1,403,881	50,685	3,667	-	(1,349,529)
Corrections and rehabilitation	2,781,288	459,048	487,184	-	(1,835,056)
Health and human services	349,992	-	-	-	(349,992)
Community and economic development	1,171	-	-	-	(1,171)
Infrastructure and environmental services	5,669,172	-	592,929	516,434	(4,559,809)
Interest on bonded debt	22,453	-	-	-	(22,453)
<b>Total governmental activities</b>	<b>\$ 15,613,847</b>	<b>\$ 2,615,642</b>	<b>\$ 1,343,840</b>	<b>\$ 516,434</b>	<b>(11,137,931)</b>
<b>General revenues:</b>					
					10,348,685
					322,109
					9,670
					128,566
					114,157
					<u>10,923,187</u>
					(214,744)
					<u>26,231,137</u>
					<u>\$ 26,016,393</u>

The accompanying notes are an integral part of this statement.

**MONTAGUE COUNTY, TEXAS**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	94	95	
	General Fund	R&B #1 FEMA	R&B #2 FEMA
<b>ASSETS</b>			
Cash on hand and in bank	\$ 11,005,433	\$ -	\$ -
Investments	1,056,552	-	-
Due from other funds	632,788	-	-
<b>Total assets</b>	<b>\$ 12,694,773</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Due to other funds	\$ -	\$ 192,301	\$ 98,223
<b>Fund balances:</b>			
<b>Restricted for:</b>			
Records management/preservation	-	-	-
Public safety	-	-	-
Justice system	-	-	-
Corrections and rehabilitation	-	-	-
Debt service	-	-	-
Other	-	-	-
<b>Committed for:</b>			
Indigent health care	828,041	-	-
Infrastructure and environmental services	3,459,211	-	-
<b>Assigned for:</b>			
Deficit budget for 2020-21	722,600	-	-
Unassigned	7,684,921	(192,301)	(98,223)
<b>Total fund balances</b>	<b>12,694,773</b>	<b>(192,301)</b>	<b>(98,223)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,694,773</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.



**EXHIBIT A-3**

96	97	Other Governmental Funds	Total Governmental Funds
R&B #3 FEMA	R&B #4 FEMA		
\$ -	\$ -	\$ 2,789,290	\$ 13,794,723
-	-	-	1,056,552
-	-	-	632,788
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,789,290</u>	<u>\$ 15,484,063</u>
<u>\$ 342,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,788</u>
-	-	942,954	942,954
-	-	150,544	150,544
-	-	762,422	762,422
-	-	541,026	541,026
-	-	214,039	214,039
-	-	154,889	154,889
-	-	-	828,041
-	-	-	3,459,211
-	-	-	722,600
(342,264)	-	23,416	7,075,549
<u>(342,264)</u>	<u>-</u>	<u>2,789,290</u>	<u>14,851,275</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,789,290</u>	<u>\$ 15,484,063</u>

The accompanying notes are an integral part of this statement.

**MONTAGUE COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET - MODIFIED CASH BASIS TO THE  
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 SEPTEMBER 30, 2020**

Total fund balances - governmental funds (Exhibit A-3) \$ 14,851,275

Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 27,173,244	
Related accumulated depreciation	<u>14,244,568</u>	12,928,676

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation bonds payable	855,000	
Capital leases payable	<u>908,558</u>	<u>(1,763,558)</u>

Total net position - governmental activities (Exhibit A-1) \$ 26,016,393

The accompanying notes are an integral part of this statement.

**MONTAGUE COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

		94	95
	General Fund	R&B #1 FEMA	R&B #2 FEMA
<b>Revenues</b>			
Property taxes	\$ 10,348,685	\$ -	\$ -
Registrations, fines and fees	1,554,901	-	-
Public service fees	170,236	-	-
Intergovernmental	293,424	162,045	-
Interest income	109,472	-	-
Other	191,790	-	-
<b>Total revenues</b>	<u>12,668,508</u>	<u>162,045</u>	<u>-</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government	3,026,330	-	-
Justice system	1,854,601	-	-
Public safety	1,477,481	-	-
Corrections and rehabilitation	1,558,932	-	-
Health and human services	347,592	-	-
Community and economic development	-	-	-
Infrastructure and environmental services	3,705,278	788,840	565,220
<b>Debt service - bonded debt:</b>			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<u>11,970,214</u>	<u>788,840</u>	<u>565,220</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>698,294</u>	<u>(626,795)</u>	<u>(565,220)</u>
<b>Other financing sources (uses):</b>			
Proceeds from the issuance of capital leases	717,219	-	-
Transfers in	94,188	-	-
Transfers out	(216,827)	-	-
<b>Total other financing sources (uses)</b>	<u>594,580</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	1,292,874	(626,795)	(565,220)
<b>Fund balances - beginning of year</b>	<u>11,401,899</u>	<u>434,494</u>	<u>466,997</u>
<b>Fund balances - end of year</b>	<u>\$ 12,694,773</u>	<u>\$ (192,301)</u>	<u>\$ (98,223)</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

96	97	Other Governmental Funds	Total Governmental Funds
R&B #3 FEMA	R&B #4 FEMA		
\$ -	\$ -	\$ 322,109	\$ 10,670,794
-	-	590,562	2,145,463
-	-	-	170,236
401,610	-	691,672	1,548,751
-	-	19,094	128,566
-	-	27,069	218,859
<u>401,610</u>	<u>-</u>	<u>1,650,506</u>	<u>14,882,669</u>
-	-	285,938	3,312,268
-	-	138,358	1,992,959
-	-	1,057	1,478,538
-	-	1,048,782	2,607,714
-	-	2,400	349,992
-	-	1,099	1,099
743,874	244,843	-	6,048,055
-	-	270,000	270,000
-	-	22,453	22,453
<u>743,874</u>	<u>244,843</u>	<u>1,770,087</u>	<u>16,083,078</u>
<u>(342,264)</u>	<u>(244,843)</u>	<u>(119,581)</u>	<u>(1,200,409)</u>
-	-	-	717,219
-	-	323,601	417,789
-	-	(200,962)	(417,789)
-	-	122,639	717,219
<u>(342,264)</u>	<u>(244,843)</u>	<u>3,058</u>	<u>(483,190)</u>
-	244,843	2,786,232	15,334,465
<u>\$ (342,264)</u>	<u>\$ -</u>	<u>\$ 2,789,290</u>	<u>\$ 14,851,275</u>

The accompanying notes are an integral part of this statement.

**MONTAGUE COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS -**  
**MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES -**  
**MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in fund balances - total governmental funds (Exhibit A-5)		\$ (483,190)
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 1,869,442	
Depreciation expense for the year	<u>1,332,879</u>	536,563
Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale. The net book value of the capital assets disposed was:		
		(38,950)
Cash proceeds from the issuance of debt is recorded as other sources when received in the governmental funds. However, the debt issued is reported as a liability in the Statement of Net Position. The amount of capital lease proceeds in the current year was:		
		(717,219)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:		
General obligation bonds payable	270,000	
Capital leases payable	<u>218,052</u>	<u>488,052</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ (214,744)</u>

The accompanying notes are an integral part of this statement.

**MONTAGUE COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -**  
**MODIFIED CASH BASIS - AGENCY FUNDS**  
**SEPTEMBER 30, 2020**

	<u>Trust and Agency Funds</u>
<b>Assets</b>	
Cash	\$ 984,936
Total assets	<u>\$ 984,936</u>
<b>Liabilities</b>	
Due to primary government	\$ 88,255
Due to other governments	301,264
Due to others	595,417
Total liabilities	<u>\$ 984,936</u>

The accompanying notes are an integral part of this statement.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Reporting Entity**

Montague County, Texas (County), a political subdivision of the State of Texas is governed by an elected judge and four county commissioners which comprise the Commissions' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, and conservation.

The accounting policies of the County conform to the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), which include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

**2. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**3. Financial Statement Presentation, Measurement Focus, and Modified Cash Basis of Accounting**

**a. Financial Statement Presentation**

**Government-wide Financial Statements** – The Statement of Net Position and Statement of Activities display information about reporting the government as a whole. They report all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or part by fees charged to external parties for goods or services. The County does not have any business-type activities.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**Fund Financial Statements** – The fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category, and

Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The four *R&B FEMA Funds* are special revenue funds that account for proceeds from the Federal Emergency Management Agency (FEMA) grants that are restricted for road repairs due to flooding within the County.

The County reports the following nonmajor governmental funds reported as 'Other Governmental Funds':

The *Special Revenue Funds* account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

Additionally, the County reports the following fund types:

*Agency Funds* are used to account for assets held by the government as an agent for individuals, private organizations, and/or other agency funds.

**b. Measurement Focus**

The government-wide financial statements are presented using economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus is utilized. Only current financial assets and liabilities on the modified cash basis of accounting are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.



**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

c. **Basis of Accounting**

The County's fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, fund balances, revenues, and expenditures when they result from cash transactions. In the government-wide financial statements are also reported on the modification cash basis of accounting with the inclusion of the capital assets and long-term debt along with a provision for depreciation. The basis is a comprehensive basis of accounting other than GAAP.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures/expenses (such as accounts payable and expenditures/expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting, while the fiduciary funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

d. **Other Guidance**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

4. **Assets, Liabilities, and Net Position or Equity**

a. **Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured by obligations that are described above; or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value which is based on quoted market prices.

**b. Activity Between Funds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**c. Property Taxes**

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Montague County Central Appraisal District. Taxes are due without penalty until January 31 of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years, except for technology related items that are expended when purchased regardless of the unit cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

The most significant infrastructure assets capitalized includes paved roads and bridges. The County has elected to capitalize infrastructure occurring subsequent to January 1, 2002 as recommended by GASB 34.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 - 30 years
Machinery and Equipment	3 - 10 years
Infrastructure	20 years

**6. Compensated Absences**

Employees accumulate earned but unused vacation and compensatory time. No liability is reported for these amounts in the governmental funds or government-wide statements since they are reported on the modified cash basis of accounting.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**7. Long-Term Debt**

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Fund Balances – Governmental Funds**

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** – represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

**Unassigned Fund Balance** – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**B. COMPLIANCE AND ACCOUNTABILITY**

1. Finance-Related Legal and Contractual Provisions

The County had no violations of finance-related legal and contractual provisions for the year ended September 30, 2020.

2. Deficit Fund Balance of Individual Funds

The County had the following individual funds with a deficit fund balance at September 30, 2020:

Major Governmental Funds:	
R&B #1 FEMA	\$192,301
R&B #2 FEMA	\$ 98,223
R&B #3 FEMA	\$342,264

The deficit fund balances are the result of the County's financial statements being reported on the modified cash basis and the deficit balances will be eliminated when the pending grant revenues are received.

**C. DEPOSITS AND INVESTMENTS**

1. Cash

At year end, the carrying amount of the County's cash on hand and deposits was \$14,851,275, including certificates of deposit reported as investments, and excluding fiduciary balances. All of the bank balance was covered by federal deposit insurance or collateralized by the pledging financial institution's trust department in the County's name.

2. Investments

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity and the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

At September 30, 2020, the County had investments as follows:

	<u>Fair Value</u>	<u>Weighted Maturity (Months)</u>
Money market savings accounts, reported as cash	\$ 7,979,642	1
Certificates of deposit	1,056,552	12
TexPool, reported as cash	<u>5,811,631</u>	1
<b>Total</b>	<b><u>\$14,847,825</u></b>	

**3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

**b. Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name. At year end, the County was not exposed to custodial credit risk.

**c. Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

**d. Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

**e. Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**4. Investment Accounting Policy**

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**5. Public Funds Investment Pools**

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**D. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service) for the year ended September 30, 2020, was \$.5334 per \$100 valuation.

Taxes levied for the payment of principal and interest related to long-term debt was \$.0166 per \$100 valuation for the year ended September 30, 2020. An additional ad valorem tax may be levied and collected for further maintenance of public roads, provided that a majority of the qualified property taxpaying voters shall vote such tax, not to exceed fifteen cents (.15) per \$100 valuation. Montague County did not have such a tax for 2020. The total tax rate for Montague County for fiscal year 2020 was \$.5500.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**E. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

<b>Governmental Activities:</b>	<u>Balance</u> <u>10/1/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/20</u>
Capital assets not being depreciated:				
Land	\$ 382,194	\$ 37,853	\$ -	\$ 420,047
Capital assets being depreciated:				
Buildings and improvements	10,070,379	-	-	10,070,379
Machinery and equipment	7,069,951	1,315,155	61,500	8,323,606
Infrastructure	<u>7,842,778</u>	<u>516,434</u>	<u>-</u>	<u>8,359,212</u>
Total capital assets being depreciated	<u>24,983,108</u>	<u>1,831,589</u>	<u>61,500</u>	<u>26,753,197</u>
Less accumulated depreciation for:				
Buildings and improvements	6,058,770	272,267	-	6,331,037
Machinery and equipment	3,802,071	666,322	22,550	4,445,843
Infrastructure	<u>3,073,398</u>	<u>394,290</u>	<u>-</u>	<u>3,467,688</u>
Total accumulated depreciation	<u>12,934,239</u>	<u>1,332,879</u>	<u>22,550</u>	<u>14,244,568</u>
Total capital assets being depreciated, net	<u>12,048,869</u>	<u>498,710</u>	<u>38,950</u>	<u>12,508,629</u>
Governmental activities capital assets, net	<u>\$12,431,063</u>	<u>\$ 536,563</u>	<u>\$ 38,950</u>	<u>\$12,928,676</u>

Under the machinery and equipment caption, there is \$1,685,472 of equipment under capital lease obligations with accumulated depreciation of \$320,092 at September 30, 2020.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 116,829
Public safety	65,939
Corrections and rehabilitation	173,574
Community and economic development	72
Infrastructure and environmental services	<u>976,465</u>
Total governmental depreciation	<u>\$1,332,879</u>

**F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Due to and from balances at September 30, 2020 were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Reason</u>
R&B #1 FEMA	General Fund	\$192,301	Short-term borrowing
R&B #2 FEMA	General Fund	98,223	Short-term borrowing
R&B #3 FEMA	General Fund	<u>342,264</u>	Short-term borrowing
	Total	<u>\$632,788</u>	

All balances are expected to be repaid within the year.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

Interfund transfers during the year ended September 30, 2020 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 94,188	Supplement other resources
General Fund	Other Governmental Funds	122,639	Supplement other resources
Other Governmental Funds	Other Governmental Funds	<u>200,962</u>	Supplement other resources
	<b>Total</b>	<b><u>\$417,789</u></b>	

**G. LONG-TERM DEBT**

The County issues general obligation bonds, certificates of obligation bonds and capital lease obligations to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

**1. Total Long-Term Debt**

Changes in long-term debt for the year ended September 30, 2020 were as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>10/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2020</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$1,125,000	\$ -	\$270,000	\$ 855,000	\$275,000
Capital leases	<u>409,391</u>	<u>717,219</u>	<u>218,052</u>	<u>908,558</u>	<u>263,310</u>
<b>Total long-term liabilities – governmental activities</b>	<b><u>\$1,534,391</u></b>	<b><u>\$717,219</u></b>	<b><u>\$488,052</u></b>	<b><u>\$1,763,558</u></b>	<b><u>\$538,310</u></b>

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>All County Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 538,310	\$ 43,711	\$ 582,021
2022	437,449	31,318	468,767
2023	412,544	19,094	431,638
2024	121,237	11,787	133,024
2025	125,045	7,979	133,024
2026	<u>128,973</u>	<u>4,051</u>	<u>133,024</u>
<b>Totals</b>	<b><u>\$1,763,558</u></b>	<b><u>\$117,940</u></b>	<b><u>\$1,881,498</u></b>

**2. General Obligation Bonds**

General obligation bonds outstanding at September 30, 2020 were as follows:

	<u>Original</u> <u>Amount</u>	<u>Date of</u> <u>Issuance</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>9/30/2020</u>
<b>General Obligation Bonds:</b>					
Certificates of Obligation, Series 2011	\$2,565,000	2/15/2011	2/15/2023	1.75% to 2.45%	<u>\$855,000</u>



**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

Annual debt service requirements to maturity are as follows

Year Ending September 30	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 275,000	\$ 16,596	\$ 291,596
2022	285,000	10,434	295,434
2023	<u>295,000</u>	<u>3,614</u>	<u>298,614</u>
Totals	<u>\$ 855,000</u>	<u>\$ 30,644</u>	<u>\$ 885,644</u>

**3. Capital Leases Payable**

Capital leases payable outstanding at September 30, 2020 were as follows:

	Original Amount	Date of Issuance	Final Maturity	Interest Rate	Balance 9/30/2020
General Capital Corporation, JD 6110M Tractor w/ Boom Mower	\$103,769	4/14/2017	4/01/2021	3.59%	\$ 27,310
General Capital Corporation, 7 Pickups	256,942	10/26/2017	10/26/2020	3.73%	88,803
General Capital Corporation, JD 6110M Tractor w/ Boom Mower	110,500	1/23/2019	1/23/2022	4.74%	75,226
General Capital Corporation, CAT 140 Motor Grader	126,787	3/9/2020	3/9/2026	3.30%	126,787
General Capital Corporation, John Deere 670G Motor Grader	460,000	5/4/2020	5/4/2026	3.11%	460,000
General Capital Corporation, CAT 140 Motor Grader	130,432	8/24/2020	8/24/2026	3.09%	<u>130,432</u>
Total					<u>\$908,558</u>

Annual debt service requirements to maturity are as follows:

Year Ending September 30	Capital Leases Payable		
	Principal	Interest	Total
2021	\$263,310	\$ 27,115	\$290,425
2022	152,449	20,884	173,333
2023	117,544	15,480	133,024
2024	121,237	11,787	133,024
2025	125,045	7,979	133,024
2026	<u>128,973</u>	<u>4,051</u>	<u>133,024</u>
Totals	<u>\$908,558</u>	<u>\$ 87,296</u>	<u>\$995,854</u>

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**H. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

**I. CONTINGENT LIABILITIES AND COMMITMENTS**

Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses and related damages are recorded as expenditures in the period payments are made. At September 30, 2020, there is no reportable litigation pending against the County.

Trust Funds

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

Operating Leases

The County has entered into operating leases for five John Deere 672G Motor Graders. The leases for three of the John Deere 672G Motor Graders matured during the year ended September 30, 2020. During the year ended September 30, 2020, the County incurred \$116,745 of operating lease expenditures on these leases and future commitments are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Operating</u> <u>Lease Payment</u>
2021	<u>\$ 49,051</u>

FEMA Grant

The County is participating in various FEMA grants that have matching components. At September 30, 2020, the County's remaining matching portion of the grants is \$87,364 and will be expended over numerous years as local funds are available.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**J. DEFINED BENEFIT PENSION PLAN**

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 782 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis that is publicly available at [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

2. Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the County-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

*Employees Covered by Benefit Terms*

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	102
Inactive employees entitled to but not yet receiving benefits	94
Active employees	104

3. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 14.24% for the months of the accounting year in 2019, and 14.24% for the months of the accounting year in 2020.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

The contribution rate payable by the employee members for calendar year 2019 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

**4. Net Pension Liability**

The County's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation.

*Actuarial Assumptions*

The actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

Real rate of return	5.25% per year
Inflation	2.75% per year
Long-term investment return	8.00% per year, net of pension plan investments expenses
Growth in membership	0.00% per year
Payroll growth	3.25% per year

Salary increases were based on a service-related table. The mortality rates for active members were based on 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after that. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. The mortality rates for disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on April 2020 information for a 10 year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation <sup>(1)</sup></u>	<u>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></u>
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

<sup>(1)</sup> Target asset allocation adopted at the June 2020 TCDRS Board Meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.80%, per Cliffwater's 2020 capital market assumptions

<sup>(3)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

***Discount Rate***

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments (8.10%).

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

*Changes in Net Pension Liability / (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2018	\$24,678,658	\$22,186,330	\$2,492,328
Changes for the year:			
Service cost	763,106	-	763,106
Interest on total pension liability	2,010,537	-	2,010,537
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	( 58,640)	-	( 58,640)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	( 46,532)	( 46,532)	-
Benefit payments	( 1,218,734)	( 1,218,734)	-
Administrative expense	-	( 20,060)	20,060
Member contributions	-	349,277	( 349,277)
Net investment income	-	3,642,935	( 3,642,935)
Employer contributions	-	1,410,531	( 1,410,531)
Other changes	-	20,599	( 20,599)
Balances as of December 31, 2019	<u>\$26,128,395</u>	<u>\$26,324,346</u>	<u>( \$195,951)</u>

Under the modified cash basis of accounting, the net pension asset is not recorded.

*Sensitivity Analysis*

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Net pension liability (asset)	<u>\$2,892,937</u>	<u>(\$195,951)</u>	<u>(\$2,813,996)</u>

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

Pension Expense

	<u>January 1, 2019 to December 31, 2019</u>
Service cost	\$ 763,106
Interest on total pension liability <sup>(1)</sup>	2,010,537
Effect of plan changes	-
Administrative expenses	20,060
Member contributions	( 349,277)
Expected investment return net of investment expenses	( 1,816,753)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	32,922
Recognition of assumption changes or inputs	47,992
Recognition of investment gains or losses	153,939
Other <sup>(2)</sup>	<u>( 20,599)</u>
<b>Pension expense</b>	<b><u>\$ 841,927</u></b>

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>(2)</sup> Relates to allocation of system-wide items.

**K. COVID-19 PANDEMIC**

Beginning in December 2019, a novel coronavirus, now designated SAR-CoV2 which causes the disease COVID-19 was declared a global pandemic by the World Health Organization. The symptoms of COVID-19 can range from severe illness and can cause complications including death. On March 13, 2020, the Governor of the State of Texas issued a proclamation certifying that COVID-19 poses an imminent threat of disaster in Texas and declared a state of disaster for all counties in Texas. A state of disaster requires that certain emergency protective measures be taken pursuant to the Texas Disaster Act of 1975 relating to Emergency Management and Public Health, pursuant to Chapter 418 of the Texas Government Code.

State and local governments placed restrictions on the operations of businesses and public gatherings to promote health and slow the spread of the virus. The federal government passed several appropriations to address the negative economic impact caused by these restrictions. The County received and expended \$18,000 in federal grant awards during the year ended September 30, 2020 and received but had not expended \$116,127 of another federal grant award during the year ended September 30, 2020. The County also anticipates receiving additional federal grant awards during the year ending September 30, 2021. However, the impact of the COVID-19 pandemic on the national, state, and local economies and, ultimately, the County's finances is not known at this time.

## ***OTHER SUPPLEMENTARY INFORMATION***

**Other supplementary information includes financial information and disclosures not required by the Governmental Accounting Standards Board for financial statements prepared on the modified cash basis of accounting and are not considered a part of the basic financial statements.**



**MONTAGUE COUNTY, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**- MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 10,087,740	\$ 10,087,740	\$ 10,348,685	\$ 260,945
Registrations, fines and fees	1,571,738	1,571,738	1,554,901	(16,837)
Public service fees	156,570	156,570	170,236	13,666
Intergovernmental	284,667	322,247	293,424	(28,823)
Interest income	68,160	68,160	109,472	41,312
Other	42,100	180,556	191,790	11,234
Total revenues	<u>12,210,975</u>	<u>12,387,011</u>	<u>12,668,508</u>	<u>281,497</u>
<b>EXPENDITURES:</b>				
Current:				
General government	3,114,535	3,290,890	3,026,330	264,560
Justice system	2,434,676	2,296,118	1,854,601	441,517
Public safety	1,604,271	1,647,908	1,477,481	170,427
Corrections and rehabilitation	1,685,781	1,686,281	1,558,932	127,349
Health and human services	803,292	803,292	347,592	455,700
Infrastructure and environmental services	4,049,927	4,862,747	3,705,278	1,157,469
Total expenditures	<u>13,692,482</u>	<u>14,587,236</u>	<u>11,970,214</u>	<u>2,617,022</u>
Excess (deficiency) of revenues over expenditures	<u>(1,481,507)</u>	<u>(2,200,225)</u>	<u>698,294</u>	<u>2,898,519</u>
Other financing sources (uses):				
Proceeds from the issuance of capital leases	-	717,218	717,219	1
Proceeds from the sale of capital assets	10,000	11,000	-	(11,000)
Transfers in	62,188	62,188	94,188	32,000
Transfers out	(184,828)	(184,828)	(216,827)	(31,999)
Total other financing sources (uses)	<u>(112,640)</u>	<u>605,578</u>	<u>594,580</u>	<u>(10,998)</u>
Net change in fund balances	<u>(1,594,147)</u>	<u>(1,594,647)</u>	<u>1,292,874</u>	<u>2,887,521</u>
Fund balance - beginning of year	<u>11,401,899</u>	<u>11,401,899</u>	<u>11,401,899</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,807,752</u>	<u>\$ 9,807,252</u>	<u>\$ 12,694,773</u>	<u>\$ 2,887,521</u>

**MONTAGUE COUNTY, TEXAS**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>										
Service cost	\$ 783,106	\$ 763,828	\$ 784,950	\$ 793,010	\$ 742,341	\$ 696,475	N/A	N/A	N/A	N/A
Interest on total pension liability	2,010,537	1,988,700	1,742,840	1,590,718	1,542,080	1,449,541	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	(108,924)	-	N/A	N/A	N/A	N/A
Effect of assumptions changes or inputs	-	-	191,969	-	229,808	-	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(58,640)	50,081	143,099	39,850	(849,160)	(110,934)	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,265,266)	(1,132,762)	(947,514)	(901,688)	(942,062)	(1,007,382)	N/A	N/A	N/A	N/A
Net change in total pension liability	1,449,737	1,569,847	1,895,144	1,521,890	616,063	1,027,700	N/A	N/A	N/A	N/A
Total pension liability, beginning	24,878,656	23,108,811	21,213,667	19,691,777	19,075,694	18,047,994	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	\$ 26,328,393	\$ 24,678,658	\$ 23,108,811	\$ 21,213,667	\$ 19,691,777	\$ 19,075,694	N/A	N/A	N/A	N/A
<b>Fiduciary Net Position</b>										
Employer contributions	\$ 1,410,531	\$ 1,057,488	\$ 1,387,535	\$ 1,113,904	\$ 863,961	\$ 654,316	N/A	N/A	N/A	N/A
Member contributions	349,277	347,780	338,956	332,662	323,610	305,149	N/A	N/A	N/A	N/A
Investment income net of investment expenses	3,642,635	(413,041)	2,759,383	1,255,442	(28,715)	1,093,493	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,265,266)	(1,132,763)	(947,514)	(901,689)	(942,062)	(1,007,382)	N/A	N/A	N/A	N/A
Administrative expenses	(20,060)	(17,820)	(14,853)	(13,632)	(12,293)	(12,873)	N/A	N/A	N/A	N/A
Other	20,599	10,363	10,032	80,849	(284,586)	(15,662)	N/A	N/A	N/A	N/A
Net change in fiduciary net position	4,138,018	(147,993)	3,513,539	1,867,536	(280,185)	1,017,041	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	22,186,330	22,334,323	18,820,784	16,953,248	17,213,433	16,196,392	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	\$ 26,324,348	\$ 22,186,330	\$ 22,334,323	\$ 18,820,784	\$ 16,953,248	\$ 17,213,433	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	\$ (195,951)	\$ 2,492,328	\$ 774,488	\$ 2,392,883	\$ 2,738,529	\$ 1,862,261	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	100.75%	89.90%	96.65%	88.72%	86.09%	90.24%	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$ 4,989,670	\$ 4,966,290	\$ 4,842,234	\$ 4,752,314	\$ 4,623,000	\$ 4,359,270	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-3.93%	50.16%	15.99%	50.35%	59.24%	42.72%	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 57/66, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

**MONTAGUE COUNTY, TEXAS**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2010	\$ 436,820	\$ 436,820	\$ -	\$ 3,646,243	12.0%
2011	436,388	436,962	(574)	3,704,478	11.8%
2012	561,248	561,248	-	3,916,567	14.3%
2013	638,649	638,649	-	4,335,818	14.7%
2014	654,316	654,316	-	4,359,270	15.0%
2015	663,861	663,861	-	4,623,000	14.4%
2016	663,904	1,113,904	(450,000)	4,752,314	23.4%
2017	657,091	1,367,535	(710,444)	4,842,234	28.2%
2018	640,413	1,057,488	(417,075)	4,968,290	21.3%
2019	596,266	1,410,531	(814,265)	4,989,670	28.3%

(1) Payroll is calculated based on contributions as reported to TCDRS.

**MONTAGUE COUNTY, TEXAS**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2020**

**A. BUDGETARY INFORMATION**

Annual budgets are adopted on the modified cash basis of accounting. All annual appropriations lapse at fiscal year end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

**B. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

*Changes in benefit terms or assumptions*

There were no changes to benefit terms or assumptions that affected measurement of the total pension liability during the measurement period.

**COMBINING STATEMENTS AND BUDGET COMPARISONS  
AS SUPPLEMENTARY INFORMATION**

**This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.**

**MONTAGUE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**SEPTEMBER 30, 2020**

	10 General Fund	12 Indigent Health Care	13 Group Insurance Benefit
<b>ASSETS</b>			
Cash on hand and in bank	\$ 6,702,418	\$ 828,041	\$ 15,763
Investments	1,056,552	-	-
Due from other funds	632,788	-	-
<b>Total assets</b>	<b>\$ 8,391,758</b>	<b>\$ 828,041</b>	<b>\$ 15,763</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Due to other funds	\$ -	\$ -	\$ -
<b>Fund balances:</b>			
<b>Committed for:</b>			
Indigent health care	-	828,041	-
Infrastructure and environmental services	-	-	-
<b>Assigned for:</b>			
Deficit budget for 2020-21	722,600	-	-
Unassigned	7,669,158	-	15,763
<b>Total fund balances</b>	<b>8,391,758</b>	<b>828,041</b>	<b>15,763</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,391,758</b>	<b>\$ 828,041</b>	<b>\$ 15,763</b>

EXHIBIT C-1

21 Road & Bridge Precinct #1	22 Road & Bridge Precinct #2	23 Road & Bridge Precinct #3	24 Road & Bridge Precinct #4	70 FM & Right of Way	75 3 - 4 Road Fund	Combined
\$ 814,155	\$ 797,750	\$ 703,787	\$ 516,741	\$ 138,152	\$ 488,626	\$ 11,005,433
-	-	-	-	-	-	1,056,552
-	-	-	-	-	-	632,788
<u>\$ 814,155</u>	<u>\$ 797,750</u>	<u>\$ 703,787</u>	<u>\$ 516,741</u>	<u>\$ 138,152</u>	<u>\$ 488,626</u>	<u>\$ 12,694,773</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-	828,041
814,155	797,750	703,787	516,741	138,152	488,626	3,459,211
-	-	-	-	-	-	722,600
-	-	-	-	-	-	7,684,921
<u>814,155</u>	<u>797,750</u>	<u>703,787</u>	<u>516,741</u>	<u>138,152</u>	<u>488,626</u>	<u>12,694,773</u>
<u>\$ 814,155</u>	<u>\$ 797,750</u>	<u>\$ 703,787</u>	<u>\$ 516,741</u>	<u>\$ 138,152</u>	<u>\$ 488,626</u>	<u>\$ 12,694,773</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	10 General Fund	12 Indigent Health Care	13 Group Insurance Benefit
<b>REVENUES:</b>			
Property taxes	\$ 7,514,126	\$ 477,334	\$ -
Registrations, fines and fees	816,514	-	-
Public service fees	170,236	-	-
Intergovernmental	264,148	-	-
Interest income	79,096	2,107	20
Other	77,124	-	(2,600)
<b>Total revenues</b>	<b>8,921,244</b>	<b>479,441</b>	<b>(2,580)</b>
<b>EXPENDITURES:</b>			
Current:			
General government	3,026,330	-	-
Justice system	1,854,601	-	-
Public safety	1,477,481	-	-
Corrections and rehabilitation	1,558,932	-	-
Health and human services	310,693	36,899	-
Infrastructure and environmental services	26,814	-	-
<b>Total expenditures</b>	<b>8,254,851</b>	<b>36,899</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>666,393</b>	<b>442,542</b>	<b>(2,580)</b>
<b>Other financing sources (uses):</b>			
Proceeds from the issuance of capital leases	-	-	-
Transfers in	-	-	-
Transfers out	(206,827)	-	-
<b>Total other financing sources (uses)</b>	<b>(206,827)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>459,566</b>	<b>442,542</b>	<b>(2,580)</b>
<b>Fund balance - beginning of year</b>	<b>7,932,192</b>	<b>385,499</b>	<b>18,343</b>
<b>Fund balance - end of year</b>	<b>\$ 8,391,758</b>	<b>\$ 828,041</b>	<b>\$ 15,763</b>



21 Road & Bridge Precinct #1	22 Road & Bridge Precinct #2	23 Road & Bridge Precinct #3	24 Road & Bridge Precinct #4	70 FM & Right of Way	75 3 - 4 Road Fund	Combined
\$ 586,881	\$ 586,881	\$ 586,881	\$ 586,881	\$ 9,701	\$ -	\$ 10,348,685
183,727	183,727	187,206	183,727	-	-	1,554,901
-	-	-	-	-	-	170,236
7,319	7,319	7,319	7,319	-	-	293,424
4,754	4,934	3,173	4,698	1,248	9,442	109,472
2,992	93,777	1,157	19,340	-	-	191,790
<u>785,673</u>	<u>876,638</u>	<u>785,736</u>	<u>801,965</u>	<u>10,949</u>	<u>9,442</u>	<u>12,668,508</u>
-	-	-	-	-	-	3,026,330
-	-	-	-	-	-	1,854,601
-	-	-	-	-	-	1,477,481
-	-	-	-	-	-	1,558,932
-	-	-	-	-	-	347,592
476,515	604,641	1,062,420	1,224,419	-	310,469	3,705,278
<u>476,515</u>	<u>604,641</u>	<u>1,062,420</u>	<u>1,224,419</u>	<u>-</u>	<u>310,469</u>	<u>11,970,214</u>
309,158	271,997	(276,684)	(422,454)	10,949	(301,027)	698,294
-	-	460,000	257,219	-	-	717,219
15,547	37,547	25,547	15,547	-	-	94,188
-	-	-	(10,000)	-	-	(216,827)
<u>15,547</u>	<u>37,547</u>	<u>485,547</u>	<u>262,766</u>	<u>-</u>	<u>-</u>	<u>594,580</u>
324,705	309,544	208,863	(159,688)	10,949	(301,027)	1,292,874
489,450	488,206	494,924	676,429	127,203	789,653	11,401,899
<u>\$ 814,155</u>	<u>\$ 797,750</u>	<u>\$ 703,787</u>	<u>\$ 516,741</u>	<u>\$ 138,152</u>	<u>\$ 488,626</u>	<u>\$ 12,694,773</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING BUDGETARY COMPARISON SCHEDULE**  
**- MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Fund (10)			Variance With Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 7,327,080	\$ 7,327,080	\$ 7,514,126	\$ 187,046
Registrations, fines and fees	811,738	811,738	816,514	4,776
Public service fees	156,570	156,570	170,236	13,666
Intergovernmental	255,867	293,447	264,148	(29,299)
Interest income	65,000	65,000	79,096	14,096
Other	42,100	85,954	77,124	(8,830)
<b>Total revenues</b>	<b>8,658,355</b>	<b>8,739,789</b>	<b>8,921,244</b>	<b>181,455</b>
<b>EXPENDITURES:</b>				
Current:				
General government	3,114,535	3,290,890	3,026,330	264,560
Justice system	2,434,676	2,296,118	1,854,601	441,517
Public safety	1,604,271	1,647,908	1,477,481	170,427
Corrections and rehabilitation	1,685,781	1,686,281	1,558,932	127,349
Health and human services	332,970	332,970	310,693	22,277
Infrastructure and environmental services	36,483	36,483	26,814	9,669
<b>Total expenditures</b>	<b>9,208,716</b>	<b>9,290,650</b>	<b>8,254,851</b>	<b>1,035,799</b>
Excess (deficiency) of revenues over expenditures	(550,361)	(550,861)	666,393	1,217,254
Other financing sources (uses):				
Proceeds from the issuance of capital leases	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(184,828)	(184,828)	(206,827)	(21,999)
<b>Total other financing sources (uses)</b>	<b>(184,828)</b>	<b>(184,828)</b>	<b>(206,827)</b>	<b>(21,999)</b>
Net change in fund balances	(735,189)	(735,689)	459,566	1,195,255
Fund balance - beginning of year	7,932,192	7,932,192	7,932,192	-
Fund balance - end of year	<b>\$ 7,197,003</b>	<b>\$ 7,196,503</b>	<b>\$ 8,391,758</b>	<b>\$ 1,195,255</b>

Indigent Health Care (12)				Group Insurance Benefit (13)			
Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
Original	Final			Original	Final		
\$ 464,864	\$ 464,864	\$ 477,334	\$ 12,470	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,500	1,500	2,107	607	-	-	20	20
-	-	-	-	-	-	(2,600)	(2,600)
<u>466,364</u>	<u>466,364</u>	<u>479,441</u>	<u>13,077</u>	<u>-</u>	<u>-</u>	<u>(2,580)</u>	<u>(2,580)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
470,322	470,322	36,899	433,423	-	-	-	-
-	-	-	-	-	-	-	-
<u>470,322</u>	<u>470,322</u>	<u>36,899</u>	<u>433,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(3,958)</u>	<u>(3,958)</u>	<u>442,542</u>	<u>446,500</u>	<u>-</u>	<u>-</u>	<u>(2,580)</u>	<u>(2,580)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(3,958)</u>	<u>(3,958)</u>	<u>442,542</u>	<u>446,500</u>	<u>-</u>	<u>-</u>	<u>(2,580)</u>	<u>(2,580)</u>
<u>385,499</u>	<u>385,499</u>	<u>385,499</u>	<u>-</u>	<u>18,343</u>	<u>18,343</u>	<u>18,343</u>	<u>-</u>
<u>\$ 381,541</u>	<u>\$ 381,541</u>	<u>\$ 828,041</u>	<u>\$ 446,500</u>	<u>\$ 18,343</u>	<u>\$ 18,343</u>	<u>\$ 15,763</u>	<u>\$ (2,580)</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING BUDGETARY COMPARISON SCHEDULE**  
**- MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Road & Bridge Precinct #1 (21)			Variance With Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 571,564	\$ 571,564	\$ 586,881	\$ 15,317
Registrations, fines and fees	190,000	190,000	183,727	(6,273)
Public service fees	-	-	-	-
Intergovernmental	7,200	7,200	7,319	119
Interest income	40	40	4,754	4,714
Other	-	703	2,992	2,289
<b>Total revenues</b>	<b>768,804</b>	<b>769,507</b>	<b>785,673</b>	<b>16,166</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Justice system	-	-	-	-
Public safety	-	-	-	-
Corrections and rehabilitation	-	-	-	-
Health and human services	-	-	-	-
Infrastructure and environmental services	884,351	885,054	476,515	408,539
<b>Total expenditures</b>	<b>884,351</b>	<b>885,054</b>	<b>476,515</b>	<b>408,539</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(115,547)</b>	<b>(115,547)</b>	<b>309,158</b>	<b>424,705</b>
<b>Other financing sources (uses):</b>				
Proceeds from the issuance of capital leases	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Transfers in	15,547	15,547	15,547	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>15,547</b>	<b>15,547</b>	<b>15,547</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>324,705</b>	<b>424,705</b>
<b>Fund balance - beginning of year</b>	<b>489,450</b>	<b>489,450</b>	<b>489,450</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 389,450</b>	<b>\$ 389,450</b>	<b>\$ 814,155</b>	<b>\$ 424,705</b>

Road & Bridge Precinct #2 (22)				Road & Bridge Precinct #3 (23)			
Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
Original	Final			Original	Final		
\$ 571,564	\$ 571,564	\$ 586,881	\$ 15,317	\$ 571,564	\$ 571,564	\$ 586,881	\$ 15,317
190,000	190,000	183,727	(6,273)	190,000	190,000	187,206	(2,794)
-	-	-	-	-	-	-	-
7,200	7,200	7,319	119	7,200	7,200	7,319	119
40	40	4,934	4,894	40	40	3,173	3,133
-	93,277	93,777	500	-	161	1,157	996
<u>768,804</u>	<u>862,081</u>	<u>876,638</u>	<u>14,557</u>	<u>768,804</u>	<u>768,965</u>	<u>785,736</u>	<u>16,771</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
929,351	1,022,628	604,641	417,987	1,094,351	1,555,512	1,062,420	493,092
<u>929,351</u>	<u>1,022,628</u>	<u>604,641</u>	<u>417,987</u>	<u>1,094,351</u>	<u>1,555,512</u>	<u>1,062,420</u>	<u>493,092</u>
(160,547)	(160,547)	271,997	432,544	(325,547)	(786,547)	(276,684)	509,863
-	-	-	-	-	460,000	460,000	-
-	-	-	-	-	1,000	-	(1,000)
15,547	15,547	37,547	22,000	15,547	15,547	25,547	10,000
-	-	-	-	-	-	-	-
<u>15,547</u>	<u>15,547</u>	<u>37,547</u>	<u>22,000</u>	<u>15,547</u>	<u>476,547</u>	<u>485,547</u>	<u>9,000</u>
(145,000)	(145,000)	309,544	454,544	(310,000)	(310,000)	208,863	518,863
488,206	488,206	488,206	-	494,924	494,924	494,924	-
<u>\$ 343,206</u>	<u>\$ 343,206</u>	<u>\$ 797,750</u>	<u>\$ 454,544</u>	<u>\$ 184,924</u>	<u>\$ 184,924</u>	<u>\$ 703,787</u>	<u>\$ 518,863</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING BUDGETARY COMPARISON SCHEDULE**  
**- MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Road & Bridge Precinct #4 (24)			Variance With Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 571,564	\$ 571,564	\$ 586,881	\$ 15,317
Registrations, fines and fees	190,000	190,000	183,727	(6,273)
Public service fees	-	-	-	-
Intergovernmental	7,200	7,200	7,319	119
Interest income	40	40	4,698	4,658
Other	-	461	19,340	18,879
Total revenues	<u>768,804</u>	<u>769,265</u>	<u>801,965</u>	<u>32,700</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Justice system	-	-	-	-
Public safety	-	-	-	-
Corrections and rehabilitation	-	-	-	-
Health and human services	-	-	-	-
Infrastructure and environmental services	1,094,351	1,352,030	1,224,419	127,611
Total expenditures	<u>1,094,351</u>	<u>1,352,030</u>	<u>1,224,419</u>	<u>127,611</u>
Excess (deficiency) of revenues over expenditures	<u>(325,547)</u>	<u>(582,765)</u>	<u>(422,454)</u>	<u>160,311</u>
Other financing sources (uses):				
Proceeds from the issuance of capital leases	-	257,218	257,219	1
Proceeds from the sale of capital assets	10,000	10,000	-	(10,000)
Transfers in	15,547	15,547	15,547	-
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>25,547</u>	<u>282,765</u>	<u>262,766</u>	<u>(19,999)</u>
Net change in fund balances	(300,000)	(300,000)	(159,688)	140,312
Fund balance - beginning of year	<u>676,429</u>	<u>676,429</u>	<u>676,429</u>	<u>-</u>
Fund balance - end of year	<u>\$ 376,429</u>	<u>\$ 376,429</u>	<u>\$ 516,741</u>	<u>\$ 140,312</u>

FM & Right of Way (70)				3 - 4 Road Fund (75)			
Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
Original	Final			Original	Final		
\$ 9,540	\$ 9,540	\$ 9,701	\$ 161	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,500	1,500	1,248	(252)	-	-	9,442	9,442
-	-	-	-	-	-	-	-
<u>11,040</u>	<u>11,040</u>	<u>10,949</u>	<u>(91)</u>	<u>-</u>	<u>-</u>	<u>9,442</u>	<u>9,442</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,040	11,040	-	11,040	-	-	310,469	(310,469)
<u>11,040</u>	<u>11,040</u>	<u>-</u>	<u>11,040</u>	<u>-</u>	<u>-</u>	<u>310,469</u>	<u>(310,469)</u>
-	-	10,949	10,949	-	-	(301,027)	(301,027)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	10,949	10,949	-	-	(301,027)	(301,027)
127,203	127,203	127,203	-	789,653	789,653	789,653	-
<u>\$ 127,203</u>	<u>\$ 127,203</u>	<u>\$ 138,152</u>	<u>\$ 10,949</u>	<u>\$ 789,653</u>	<u>\$ 789,653</u>	<u>\$ 488,626</u>	<u>\$ (301,027)</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING BUDGETARY COMPARISON SCHEDULE**  
**- MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Combined			Variance With Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 10,087,740	\$ 10,087,740	\$ 10,348,685	\$ 260,945
Registrations, fines and fees	1,571,738	1,571,738	1,554,901	(16,837)
Public service fees	156,570	156,570	170,236	13,666
Intergovernmental	284,667	322,247	293,424	(28,823)
Interest income	68,160	68,160	109,472	41,312
Other	42,100	180,556	191,790	11,234
Total revenues	<u>12,210,975</u>	<u>12,387,011</u>	<u>12,668,508</u>	<u>281,497</u>
<b>EXPENDITURES:</b>				
Current:				
General government	3,114,535	3,290,890	3,026,330	264,560
Justice system	2,434,676	2,296,118	1,854,601	441,517
Public safety	1,604,271	1,647,908	1,477,481	170,427
Corrections and rehabilitation	1,685,781	1,686,281	1,558,932	127,349
Health and human services	803,292	803,292	347,592	455,700
Infrastructure and environmental services	4,049,927	4,862,747	3,705,278	1,157,469
Total expenditures	<u>13,692,482</u>	<u>14,587,236</u>	<u>11,970,214</u>	<u>2,617,022</u>
Excess (deficiency) of revenues over expenditures	<u>(1,481,507)</u>	<u>(2,200,225)</u>	<u>698,294</u>	<u>2,898,519</u>
Other financing sources (uses):				
Proceeds from the issuance of capital leases	-	717,218	717,219	1
Proceeds from the sale of capital assets	10,000	11,000	-	(11,000)
Transfers in	62,188	62,188	94,188	32,000
Transfers out	(184,828)	(184,828)	(216,827)	(31,999)
Total other financing sources (uses)	<u>(112,640)</u>	<u>605,578</u>	<u>594,580</u>	<u>(10,998)</u>
Net change in fund balances	(1,594,147)	(1,594,647)	1,292,874	2,887,521
Fund balance - beginning of year	<u>11,401,899</u>	<u>11,401,899</u>	<u>11,401,899</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,807,752</u>	<u>\$ 9,807,252</u>	<u>\$ 12,694,773</u>	<u>\$ 2,887,521</u>



**MONTAGUE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	15	16	17	18
	Records Management	Courthouse Security	BVS Preservation	Dist. Clerk Records Management
<b>ASSETS</b>				
Cash on hand and in bank	\$ 359,601	\$ 97,700	\$ 9,707	\$ 2,915
<b>Total assets</b>	<u>\$ 359,601</u>	<u>\$ 97,700</u>	<u>\$ 9,707</u>	<u>\$ 2,915</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>Fund balances:</b>				
<b>Restricted for:</b>				
Records management/preservation	359,601	-	9,707	2,915
Public safety	-	97,700	-	-
Justice system	-	-	-	-
Corrections and rehabilitation	-	-	-	-
Debt service	-	-	-	-
Other	-	-	-	-
<b>Unassigned</b>	-	-	-	-
<b>Total fund balances</b>	<u>359,601</u>	<u>97,700</u>	<u>9,707</u>	<u>2,915</u>
<b>Total liabilities and fund balances</b>	<u>\$ 359,601</u>	<u>\$ 97,700</u>	<u>\$ 9,707</u>	<u>\$ 2,915</u>

Special Revenue Funds						
19	26	27	30	31	32	33
Records Preservation	Utility Reimburse	Elections	County Attorney Forfeiture Check Account	VIT Collector	Sheriff Office Forfeiture	District Attorney Forfeiture
\$ 95,578	\$ 36,187	\$ 3,995	\$ 2,457	\$ 10,840	\$ 21,372	\$ 458,926
<u>\$ 95,578</u>	<u>\$ 36,187</u>	<u>\$ 3,995</u>	<u>\$ 2,457</u>	<u>\$ 10,840</u>	<u>\$ 21,372</u>	<u>\$ 458,926</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95,578	-	-	-	-	-	-
-	-	-	2,457	-	21,372	-
-	-	-	-	-	-	458,926
-	-	-	-	-	-	-
-	36,187	3,995	-	10,840	-	-
-	-	-	-	-	-	-
<u>95,578</u>	<u>36,187</u>	<u>3,995</u>	<u>2,457</u>	<u>10,840</u>	<u>21,372</u>	<u>458,926</u>
<u>\$ 95,578</u>	<u>\$ 36,187</u>	<u>\$ 3,995</u>	<u>\$ 2,457</u>	<u>\$ 10,840</u>	<u>\$ 21,372</u>	<u>\$ 458,926</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	35 District Attorney Hot Check	36 DA State Supplement	38 District Attorney Hot Check	39 Estray
<b>ASSETS</b>				
Cash on hand and in bank	\$ 10,900	\$ 23,416	\$ 6,934	\$ 11,098
Total assets	<u>\$ 10,900</u>	<u>\$ 23,416</u>	<u>\$ 6,934</u>	<u>\$ 11,098</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Restricted for:				
Records management/preservation	-	-	-	-
Public safety	-	-	-	-
Justice system	10,900	-	6,934	-
Corrections and rehabilitation	-	-	-	-
Debt service	-	-	-	-
Other	-	-	-	11,098
Unassigned	-	23,416	-	-
Total fund balances	<u>10,900</u>	<u>23,416</u>	<u>6,934</u>	<u>11,098</u>
Total liabilities and fund balances	<u>\$ 10,900</u>	<u>\$ 23,416</u>	<u>\$ 6,934</u>	<u>\$ 11,098</u>

Special Revenue Funds						
40	41	42	43	44	45	47
Probation	Adult Probation	State Juvenile Probation	County Juvenile Probation	Commitment Diversion	Juvenile Probation IV e	Community Service Adult Prob.
\$ 28,276	\$ 262,738	\$ 31,514	\$ 175,991	\$ -	\$ 41,810	\$ 697
<u>\$ 28,276</u>	<u>\$ 262,738</u>	<u>\$ 31,514</u>	<u>\$ 175,991</u>	<u>\$ -</u>	<u>\$ 41,810</u>	<u>\$ 697</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,276	262,738	31,514	175,991	-	41,810	697
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>28,276</u>	<u>262,738</u>	<u>31,514</u>	<u>175,991</u>	<u>-</u>	<u>41,810</u>	<u>697</u>
<u>\$ 28,276</u>	<u>\$ 262,738</u>	<u>\$ 31,514</u>	<u>\$ 175,991</u>	<u>\$ -</u>	<u>\$ 41,810</u>	<u>\$ 697</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	48 Court Reporter Fees	49 Supplement Guardianship Fees	50 Family Protection Fees	52 Law Library Fees
<b>ASSETS</b>				
Cash on hand and in bank	\$ 42,209	\$ 21,600	\$ 19,560	\$ 99,366
<b>Total assets</b>	<b>\$ 42,209</b>	<b>\$ 21,600</b>	<b>\$ 19,560</b>	<b>\$ 99,366</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>Fund balances:</b>				
<b>Restricted for:</b>				
Records management/preservation	-	-	-	-
Public safety	-	-	-	-
Justice system	42,209	-	-	99,366
Corrections and rehabilitation	-	-	-	-
Debt service	-	-	-	-
Other	-	21,600	19,560	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>42,209</b>	<b>21,600</b>	<b>19,560</b>	<b>99,366</b>
<b>Total liabilities and fund balances</b>	<b>\$ 42,209</b>	<b>\$ 21,600</b>	<b>\$ 19,560</b>	<b>\$ 99,366</b>

Special Revenue Funds						
54	55	56	57	81	82	83
Courthouse Dome	Historical Commission	JP Court Security	Specialty Court	Constable #1 LEOSE	Constable #2 LEOSE	Sheriff LEOSE
\$ 35,397	\$ 16,212	\$ 13,521	\$ 361	\$ 1,918	\$ 2,687	\$ 10,528
<u>\$ 35,397</u>	<u>\$ 16,212</u>	<u>\$ 13,521</u>	<u>\$ 361</u>	<u>\$ 1,918</u>	<u>\$ 2,687</u>	<u>\$ 10,528</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	13,521	361	1,918	2,687	10,528
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35,397	16,212	-	-	-	-	-
<u>35,397</u>	<u>16,212</u>	<u>13,521</u>	<u>361</u>	<u>1,918</u>	<u>2,687</u>	<u>10,528</u>
<u>\$ 35,397</u>	<u>\$ 16,212</u>	<u>\$ 13,521</u>	<u>\$ 361</u>	<u>\$ 1,918</u>	<u>\$ 2,687</u>	<u>\$ 10,528</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	Special Revenue Funds			
	84 District Attorney LEOSE	85 County Clerk Archive	86 District Clerk Archive	87 County Clerk Technology
<b>ASSETS</b>				
Cash on hand and in bank	\$ 1,370	\$ 415,977	\$ 24,809	\$ 5,760
Total assets	<u>\$ 1,370</u>	<u>\$ 415,977</u>	<u>\$ 24,809</u>	<u>\$ 5,760</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:				
Restricted for:				
Records management/preservation	-	415,977	24,809	5,760
Public safety	-	-	-	-
Justice system	1,370	-	-	-
Corrections and rehabilitation	-	-	-	-
Debt service	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,370</u>	<u>415,977</u>	<u>24,809</u>	<u>5,760</u>
Total liabilities and fund balances	<u>\$ 1,370</u>	<u>\$ 415,977</u>	<u>\$ 24,809</u>	<u>\$ 5,760</u>

89 District Clerk Technology	90 JP Technology	93 Grants	Debt Service Fund 61 Annex Sinking Fund	Total Combined
<u>\$ 28,607</u>	<u>\$ 26,590</u>	<u>\$ 116,127</u>	<u>\$ 214,039</u>	<u>\$ 2,789,290</u>
<u>\$ 28,607</u>	<u>\$ 26,590</u>	<u>\$ 116,127</u>	<u>\$ 214,039</u>	<u>\$ 2,789,290</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
28,607	-	-	-	942,954
-	-	-	-	150,544
-	26,590	116,127	-	762,422
-	-	-	-	541,026
-	-	-	214,039	214,039
-	-	-	-	154,889
-	-	-	-	23,416
<u>28,607</u>	<u>26,590</u>	<u>116,127</u>	<u>214,039</u>	<u>2,789,290</u>
<u>\$ 28,607</u>	<u>\$ 26,590</u>	<u>\$ 116,127</u>	<u>\$ 214,039</u>	<u>\$ 2,789,290</u>



**MONTAGUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	15	16	17	18
	Records Management	Courthouse Security	BVS Preservation	Dist. Clerk Records Management
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Registrations, fines and fees	55,529	11,739	1,336	1,843
Intergovernmental	-	-	-	-
Interest income	2,666	1,248	113	54
Other	-	-	-	-
<b>Total revenues</b>	<b>58,195</b>	<b>12,987</b>	<b>1,449</b>	<b>1,897</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	93,654	16,000	1,109	2,444
Justice system	-	-	-	-
Public safety	-	-	-	-
Corrections and rehabilitation	-	-	-	-
Health and human services	-	-	-	-
Community and economic development	-	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>93,654</b>	<b>16,000</b>	<b>1,109</b>	<b>2,444</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(35,459)</b>	<b>(3,013)</b>	<b>340</b>	<b>(547)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(35,459)</b>	<b>(3,013)</b>	<b>340</b>	<b>(547)</b>
<b>Fund balance - beginning of year</b>	<b>395,060</b>	<b>100,713</b>	<b>9,367</b>	<b>3,462</b>
<b>Fund balance - end of year</b>	<b>\$ 359,601</b>	<b>\$ 97,700</b>	<b>\$ 9,707</b>	<b>\$ 2,915</b>

Special Revenue Funds						
19	26	27	30	31	32	33
Records Preservation	Utility Reimburse	Elections	County Attorney Forfeiture Check Account	VIT Collector	Sheriff Office Forfeiture	District Attorney Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,563	-	-	-	8,465	-	-
-	23,341	409	-	-	-	-
1,272	256	64	24	37	80	6,273
-	-	-	-	-	4,564	15,970
<u>6,835</u>	<u>23,597</u>	<u>473</u>	<u>24</u>	<u>8,502</u>	<u>4,644</u>	<u>22,243</u>
4,012	130,000	3,720	-	-	-	-
-	-	-	-	-	-	77,292
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,012</u>	<u>130,000</u>	<u>3,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,292</u>
<u>2,823</u>	<u>(106,403)</u>	<u>(3,247)</u>	<u>24</u>	<u>8,502</u>	<u>4,644</u>	<u>(55,049)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,823</u>	<u>(106,403)</u>	<u>(3,247)</u>	<u>24</u>	<u>8,502</u>	<u>4,644</u>	<u>(55,049)</u>
<u>92,755</u>	<u>142,590</u>	<u>7,242</u>	<u>2,433</u>	<u>2,338</u>	<u>16,728</u>	<u>513,975</u>
<u>\$ 95,578</u>	<u>\$ 36,187</u>	<u>\$ 3,995</u>	<u>\$ 2,457</u>	<u>\$ 10,840</u>	<u>\$ 21,372</u>	<u>\$ 458,926</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	35 District Attorney Hot Check	36 DA State Supplement	38 District Attorney Hot Check	39 Estray
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Registrations, fines and fees	(151)	-	-	-
Intergovernmental	-	66,613	-	-
Interest income	380	-	64	29
Other	-	-	-	5,328
<b>Total revenues</b>	<u>229</u>	<u>66,613</u>	<u>64</u>	<u>5,357</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	-	-	-	-
Justice system	-	44,320	-	-
Public safety	-	-	-	-
Corrections and rehabilitation	-	-	-	-
Health and human services	-	-	-	2,400
Community and economic development	-	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>44,320</u>	<u>-</u>	<u>2,400</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>229</u>	<u>22,293</u>	<u>64</u>	<u>2,957</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	16,820	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>16,820</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	229	39,113	64	2,957
<b>Fund balance - beginning of year</b>	<u>10,671</u>	<u>(15,697)</u>	<u>6,870</u>	<u>8,141</u>
<b>Fund balance - end of year</b>	<u>\$ 10,900</u>	<u>\$ 23,416</u>	<u>\$ 6,934</u>	<u>\$ 11,098</u>

Special Revenue Funds						
40	41	42	43	44	45	47
Probation	Adult Probation	State Juvenile Probation	County Juvenile Probation	Commitment Diversion	Juvenile Probation IV e	Community Service Adult Prob.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	345,813	-	80,054	-	-	-
-	146,356	263,841	-	1,186	-	70,132
90	836	-	472	-	122	-
-	-	-	-	-	-	-
<u>90</u>	<u>493,005</u>	<u>263,841</u>	<u>80,526</u>	<u>1,186</u>	<u>122</u>	<u>70,132</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	439,501	109,633	361,861	1,186	11,482	125,119
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>439,501</u>	<u>109,633</u>	<u>361,861</u>	<u>1,186</u>	<u>11,482</u>	<u>125,119</u>
90	53,504	154,208	(281,335)	-	(11,360)	(54,987)
-	-	-	259,817	-	-	46,964
-	(46,964)	(153,998)	-	-	-	-
-	<u>(46,964)</u>	<u>(153,998)</u>	<u>259,817</u>	<u>-</u>	<u>-</u>	<u>46,964</u>
90	6,540	210	(21,518)	-	(11,360)	(8,023)
<u>28,186</u>	<u>256,198</u>	<u>31,304</u>	<u>197,509</u>	<u>-</u>	<u>53,170</u>	<u>8,720</u>
<u>\$ 28,276</u>	<u>\$ 262,738</u>	<u>\$ 31,514</u>	<u>\$ 175,991</u>	<u>\$ -</u>	<u>\$ 41,810</u>	<u>\$ 697</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	48 Court Reporter Fees	49 Supplement Guardianship Fees	50 Family Protection Fees	52 Law Library Fees
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Registrations, fines and fees	5,235	2,180	1,425	5,670
Intergovernmental	-	-	-	-
Interest income	-	-	-	-
Other	-	-	-	-
Total revenues	<u>5,235</u>	<u>2,180</u>	<u>1,425</u>	<u>5,670</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Justice system	699	-	-	9,026
Public safety	-	-	-	-
Corrections and rehabilitation	-	-	-	-
Health and human services	-	-	-	-
Community and economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>699</u>	<u>-</u>	<u>-</u>	<u>9,026</u>
Excess (deficiency) of revenues over expenditures	<u>4,536</u>	<u>2,180</u>	<u>1,425</u>	<u>(3,356)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,536	2,180	1,425	(3,356)
Fund balance - beginning of year	<u>37,673</u>	<u>19,420</u>	<u>18,135</u>	<u>102,722</u>
Fund balance - end of year	<u>\$ 42,209</u>	<u>\$ 21,600</u>	<u>\$ 19,560</u>	<u>\$ 99,366</u>

Special Revenue Funds						
54	55	56	57	81	82	83
Courthouse Dome	Historical Commission	JP Court Security	Specialty Court	Constable #1 LEOSE	Constable #2 LEOSE	Sheriff LEOSE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	361	-	-	-
-	-	-	-	685	685	2,297
112	52	153	-	-	-	-
-	1,207	-	-	-	-	-
<u>112</u>	<u>1,259</u>	<u>153</u>	<u>361</u>	<u>685</u>	<u>685</u>	<u>2,297</u>
-	-	-	-	-	-	-
-	-	522	-	535	-	-
-	-	-	-	-	-	-
-	1,099	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>1,099</u>	<u>522</u>	<u>-</u>	<u>535</u>	<u>-</u>	<u>-</u>
112	160	(369)	361	150	685	2,297
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
112	160	(369)	361	150	685	2,297
<u>35,285</u>	<u>16,052</u>	<u>13,890</u>	<u>-</u>	<u>1,768</u>	<u>2,002</u>	<u>8,231</u>
<u>\$ 35,397</u>	<u>\$ 16,212</u>	<u>\$ 13,521</u>	<u>\$ 361</u>	<u>\$ 1,918</u>	<u>\$ 2,687</u>	<u>\$ 10,528</u>

**MONTAGUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Special Revenue Funds			
	84	85	86	87
	District Attorney LEOSE	County Clerk Archive	District Clerk Archive	County Clerk Technology
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Registrations, fines and fees	-	55,570	3,235	292
Intergovernmental	-	-	-	-
Interest income	-	2,560	115	46
Other	-	-	-	-
Total revenues	<u>-</u>	<u>58,130</u>	<u>3,350</u>	<u>338</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	34,999	-	-
Justice system	728	-	-	-
Public safety	-	-	-	-
Corrections and rehabilitation	-	-	-	-
Health and human services	-	-	-	-
Community and economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>728</u>	<u>34,999</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(728)</u>	<u>23,131</u>	<u>3,350</u>	<u>338</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(728)	23,131	3,350	338
Fund balance - beginning of year	<u>2,098</u>	<u>392,846</u>	<u>21,459</u>	<u>5,422</u>
Fund balance - end of year	<u>\$ 1,370</u>	<u>\$ 415,977</u>	<u>\$ 24,809</u>	<u>\$ 5,760</u>

89 District Clerk Technology	90 JP Technology	93 Grants	Debt Service Fund 61 Annex Sinking Fund	Total Combined
\$ -	\$ -	\$ -	\$ 322,109	\$ 322,109
3,060	3,343	-	-	590,562
-	-	116,127	-	691,672
164	297	-	1,515	19,094
-	-	-	-	27,069
<u>3,224</u>	<u>3,640</u>	<u>116,127</u>	<u>323,624</u>	<u>1,650,506</u>
-	-	-	-	285,938
981	5,312	-	-	138,358
-	-	-	-	1,057
-	-	-	-	1,048,782
-	-	-	-	2,400
-	-	-	-	1,099
-	-	-	270,000	270,000
-	-	-	22,453	22,453
<u>981</u>	<u>5,312</u>	<u>-</u>	<u>292,453</u>	<u>1,770,087</u>
<u>2,243</u>	<u>(1,672)</u>	<u>116,127</u>	<u>31,171</u>	<u>(119,581)</u>
-	-	-	-	323,601
-	-	-	-	(200,962)
-	-	-	-	122,639
2,243	(1,672)	116,127	31,171	3,058
<u>26,364</u>	<u>28,262</u>	<u>-</u>	<u>182,868</u>	<u>2,786,232</u>
<u>\$ 28,607</u>	<u>\$ 26,590</u>	<u>\$ 116,127</u>	<u>\$ 214,039</u>	<u>\$ 2,789,290</u>



**MONTAGUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**- MODIFIED CASH BASIS**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2020**

	Sheriff Department Accounts	Coke Fund	County Tax A/C Accounts	County Clerk Accounts	District Clerk Accounts
<b>ASSETS</b>					
Cash	\$ 22,711	\$ 1,419	\$ 325,425	\$ 169,737	\$ 265,797
Total assets	<u>\$ 22,711</u>	<u>\$ 1,419</u>	<u>\$ 325,425</u>	<u>\$ 169,737</u>	<u>\$ 265,797</u>
<b>LIABILITIES</b>					
Due to primary government	\$ 9,315	\$ -	\$ -	\$ 35,040	\$ 16,610
Due to other governments	-	-	272,173	-	-
Due to others	13,396	1,419	53,252	134,697	249,187
Total liabilities	<u>\$ 22,711</u>	<u>\$ 1,419</u>	<u>\$ 325,425</u>	<u>\$ 169,737</u>	<u>\$ 265,797</u>

<u>County Attorney Account</u>	<u>Probation Department Accounts</u>	<u>JP #1 Account</u>	<u>JP #2 Account</u>	<u>Pending Forfeitures</u>	<u>State Fees Fund</u>	<u>Total Combined</u>
\$ 3,512	\$ 20,069	\$ 10,789	\$ 16,501	\$ 119,885	\$ 29,091	\$ 984,936
<u>\$ 3,512</u>	<u>\$ 20,069</u>	<u>\$ 10,789</u>	<u>\$ 16,501</u>	<u>\$ 119,885</u>	<u>\$ 29,091</u>	<u>\$ 984,936</u>
\$ -	\$ -	\$ 10,789	\$ 16,501	\$ -	\$ -	\$ 88,255
-	-	-	-	-	29,091	301,264
3,512	20,069	-	-	119,885	-	595,417
<u>\$ 3,512</u>	<u>\$ 20,069</u>	<u>\$ 10,789</u>	<u>\$ 16,501</u>	<u>\$ 119,885</u>	<u>\$ 29,091</u>	<u>\$ 984,936</u>

**MONTAGUE COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

# **MONTAGUE COUNTY, TEXAS**

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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# **EDGIN, PARKMAN, FLEMING & FLEMING, PC**

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DAVID L. PARKMAN, CPA  
A. PAUL FLEMING, CPA

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and Schedule of Expenditures of Federal Awards**

Honorable County Judge and  
Members of the Commissioners' Court  
Montague County, Texas

### **Report on Compliance for Each Major Program**

We have audited Montague County, Texas' (County) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2020. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the County's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

## **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that may not have been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards**

We have audited the modified cash basis financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated April 15, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the modified cash basis financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the modified cash basis financial statements. The information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the modified cash basis financial statements or to the modified cash basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the modified cash basis financial statements as a whole.

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas  
April 15, 2021

**MONTAGUE COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures and Indirect Costs</u>	<u>Amount Relating to Pass-Through Expenditures</u>
<b>FEDERAL AWARDS</b>				
<b><u>United States Election Assistance Commission</u></b>				
Indirect Program:				
Passed Through the Texas Secretary of State COVID-19 - 2020 Help America Vote Act CARES Act	TX20101CARES-169	90.404	\$ 12,898	\$ -
<b><u>Department of Homeland Security</u></b>				
Indirect Program:				
Passed Through the Texas Department of Public Safety Disaster Grants Public Assistance	DR 4223	97.036	2,323,069	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,335,967</b>	<b>\$ -</b>



# **MONTAGUE COUNTY, TEXAS**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2020**

### **Note 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Montague County, Texas (County). All financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on this schedule.

### **Note 2 - BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. Most federal grant funds were accounted for in the Special Revenue Funds, a component of the Governmental Fund types. With this measurement focus, only current assets and current liabilities on the modified cash basis of accounting are generally included on the balance sheet. Operating statements of these funds present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The modified cash basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes assets, liabilities, fund equities, revenues and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP).

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. Federal grant funds are ordinarily considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are deferred revenues until earned.

### **Note 3 - CONTINGENCIES**

In connection with the federal programs, the County is required to comply with specific terms and agreements as well as applicable federal laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives.

Since such programs are subject to audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the County expects the resulting liability to be immaterial.

### **Note 4 - DE MINIMIS INDIRECT COST RATE**

Entities that receive federal awards for which an indirect cost rate has never been negotiated may elect to charge a de minimis indirect cost rate of ten percent of modified total direct costs. The County did not elect to charge the de minimis rate to any of its federal awards during the year ended September 30, 2020.



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### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Honorable County Judge and  
Members of the Commissioners' Court  
Montague County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montague County, Texas (County) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 15, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the modified cash basis financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the modified cash basis financial statements but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's modified cash basis financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2020-001 and 2020-002 to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's modified cash basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **County's Response to Findings**

The County's response to the findings identified in our audit are described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas  
April 15, 2021

# MONTAGUE COUNTY, TEXAS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2020

### A. Summary of Auditor's Results

An unmodified opinion was issued on the modified cash basis financial statements.

The audit disclosed two material weaknesses relating to the audit of the modified cash basis financial statements in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.

The audit disclosed no instances of noncompliance that is material to the financial statements.

The audit disclosed no material weaknesses or significant deficiencies relating to the audit of the major federal award program in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.

An unmodified opinion was issued on compliance for the major program.

The audit disclosed no noncompliance findings that are required to be reported in this schedule under the Uniform Guidance.

Major program is as follows:

Federal:  
97.036 – Disaster Grants Public Assistance

The threshold used to distinguish between Type A and Type B federal programs was \$750,000.

The County was not classified as a low-risk auditee in the context of the Uniform Guidance.

### B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

Finding 2020-001 – Material Weakness in Internal Control over Financial Reporting

#### Criteria or Specified Requirement

The County should maintain adequate internal control over financial reporting to ensure accurate reporting in the County's financial statements.

#### Condition Found

During the audit, misstatements in the County's accounting records were material to the County's financial statements. The misstatements were not identified prior to the audit by the County's internal control processes.

# **MONTAGUE COUNTY, TEXAS**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D) FOR THE YEAR ENDED SEPTEMBER 30, 2020**

### **Cause**

The County did not record all of the necessary entries to properly record all financial transactions in accordance with the modified cash basis of accounting.

### **Effect**

Material misstatements were noted during the audit of the County's modified cash basis financial statements and were required to be corrected. Therefore, internally prepared modified cash basis financial statements are materially in error and do not follow the County's modified cash basis of accounting.

### **Recommendation**

We recommend that the County closely review and adjust all accounts as necessary prior to closing the County's accounting records prior to the start of the audit.

### **Views of Responsible Officials and Planned Corrective Action**

Please refer to the Corrective Action Plan prepared by the County's management.

Finding 2020-002 – Material Weakness in Internal Control over Bank Reconciliations

### **Criteria or Specified Requirement**

The County should maintain adequate internal control over the bank reconciliation process to ensure all cash activity is recorded in the County's financial statements.

### **Condition Found**

During the audit, errors were noted in the reconciliation of the County Treasurer's pooled bank account. The errors totaled \$375,911.

### **Cause**

Effective October 1, 2019, the County converted to a new accounting system. The lack of understanding the new accounting system by the County Treasurer at that time and the general lack of review and approval process over the bank reconciliations caused errors to exist in the bank reconciliations all fiscal year without being noted by the County.

### **Effect**

The errors related to the improper recording of the transfer of monies between bank accounts, the improper recording of payroll related payments, and a posting error of revenues. The errors caused cash to be under-reported by \$375,911, interest income to be under-reported by \$30,000, miscellaneous revenue to be over-reported by \$253,711 and payroll related expenditures to be under-reported by \$152,200.

# MONTAGUE COUNTY, TEXAS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D) FOR THE YEAR ENDED SEPTEMBER 30, 2020

### Recommendation

We recommend that the County properly prepare the Treasurer's bank reconciliation each month, ensure all outstanding items are correct, make sure the outstanding items from the prior month have timely cleared, and the ending balance agree to the County's pooled accounts in the general ledger. Additionally, the bank reconciliations should be properly reviewed and approved.

### Views of Responsible Officials and Planned Corrective Action

Please refer to the Corrective Action Plan prepared by the County's management.

### C. Findings and Questioned Costs for Federal Awards

There were no findings in the current year.



**Kevin L. Benton**  
**Montague County Judge**  
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**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Finding 2020-001**

The County has reviewed the finding noted in the audit and agrees with it. The County will also make the necessary adjustments in future years.

The Contact person for this corrective action plan is Kevin Benton, County Judge.

**Finding 2020-002**

The County has reviewed the finding noted in the audit and agrees with it. The County will also correctly prepare the bank reconciliations in future years and have them reviewed and approved.

The Contact person for this corrective action plan is Kevin Benton, County Judge.

# **MONTAGUE COUNTY, TEXAS**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2020**

### **Finding 2019-001 – Material Weakness in Internal Control over Financial Reporting**

**Current Status:** In the prior year, material misstatements were identified requiring material audit adjustments to the County's financial statements. During the current year audit, similar material audit adjustments were made. See Finding 2020-001.